Dollars and Sense

Fortune's Split Level

by Victor Perlo

WEALTHY AMERICANS look more realistically at Soviet economy than formerly. Many events have contributed. The 20-Year Plan, laying the material and technical foundations of Communism, now being discussed in Moscow at the Communist Party's Congress, has brought a notable recruit to the ranks of the more sober.

The October **Fortune's** lead article is "The Split-Level Soviet Economy." Luce's Journal has always had its own split-level—combining realism and research in corporate affairs with hate-blinded extravaganzas about the world of socialism. Now this level has been altered. **Fortune** now attempts a reasonable appraisal of basic trends in Soviet economy, while continuing to purvey particular falsehoods and to exude anti-socialist venom. Its attitude is to know the USSR better in order to fight it better.

In answering critics who object to comparisons of growth rates, **Fortune** says, "Such comparisons are inevitable, and in some contexts necessary". It gives only one example. "U. S. military planners could hardly function without some idea of what the Soviet economy would be like five or ten years hence."

These nice fellows even engage in some self-criticism (the better to eat you up, my dear). In 1957 **Fortune** featured "The Crisis of Soviet Capitalism", predicting the virtual internal collapse of the USSR and urging a tough line to accelerate it. Now it admits that "in predicing a crisis **Fortune** underestimated the hold of the Soviet national 'faith' on the people."

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FORTUNE concedes that the USSR has had and will continue to have a high growth rate, which is "rapidly narrowing the gap" separating U. S. and Soviet output. It estimates that the real value of new investment in industry and agriculture in the USSR is double that in the U. S. (I think **Fortune** exaggerates the ratio, at the expense of an underestimate of Soviet investment in housing and public services). It concedes that the absolute growth in industrial output — the amount of additional goods produced each year — as well as the percentage, is greater there than here. This is a sure sign that the long historical period of U. S. world industrial leadership is nearly over.

Fortune partly abandons the canard of a Soviet economy oriented toward war. It was a favorite slander of Allen Dulles that 25 percent of the Soviet product went to military purposes (**Fortune** used it, slightly modified, in the 1957 article), and that the USSR spent as much or more on arms then the U. S., despite its much smaller total output. Now **Fortune** writes that "for military purposes, the two countries allocate nearly the same share of output", which means far less military spending, absolutely, in the Soviet Union.

As noted, **Fortune** apparently regards the Pentagon as the main customer for accurate information. Since the Pentagon is not interested in people's welfare, the journal feels free to continue purveying the myth that Soviet industrial growth is at the expense of the consumer. It says the consumer is given "pie in the sky" instead of meat. The article's title refers to the alleged big growth in investment and armaments, while the consumer is neglected — at the lower of the "split-levels".

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BUT IT IS MORE difficult to continue this line while admitting the basic all-round progress. For example, **Fortune** presents a chart showing Soviet consumers goods output rising 130 percent in the past ten years, and says: "In the field of consumers goods, Khrushchev's performance has come much closer to his promise." It cites estimates of a two-thirds rise in per capita consumption from 1950 to 1958 and observes, "The improvement continues."

Never did any capitalist country enjoy anything close to such a rapid rise in consumption.

In 1957 **Fortune** claimed the worst of the Soviet "crisis" was in agriculture, with no prospect of significant improvement, and probable decline in per capita food consumption. Now it admits that "In the first five years after Stalin's death . . . new policies did achieve dramatic increases in farm production."

But **Fortune** ignores this and makes the same sort of gloomy prognostications for Soviet agriculture as in 1957. It expects a rise of only 20 percent in Soviet farm output during the seven-Year Plan period instead of the 70 percent called for in the Plan.

I wager Mr. Luce that the actual result will be closer to the plan than to his forecast, the loser to eat page 258 of the October **Fortune**.

Fortune has shifted into a new "split-level" outlook on Soviet economy. It now sees that Soviet economic growth really challenges capitalism. But it can't admit why — because all Soviet growth is oriented, in the final analysis, to the welfare of the people.